PULP & PAPER

December 1988

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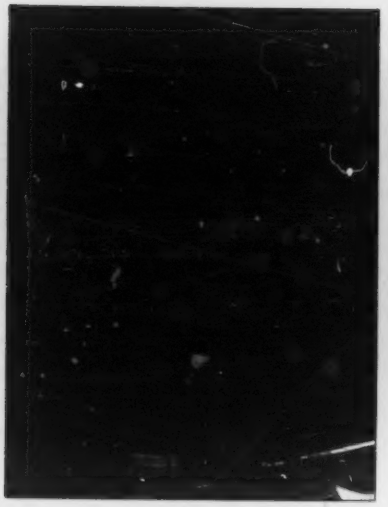

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(Photo courtesy of Bowater Inc.)

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Office locations

AT – Atlanta: 2700 Cumberland Parkway N.W., Suite 530, Atlanta, Ga. 30339; (404) 432-3186
CH – Chicago: 35 E. Wacker Dr., Chicago, Ill. 60601; (312) 372-6238
SF – San Francisco: 500 Howard St., San Francisco, Calif. 94105; (415) 397-1881; Telex 278273
NY – New York: 370 Lexington Ave., New York, N.Y. 10017; (212) 683-9294; Telex 220442
BR – Brussels: Chaussee de Charleroi 123a, Boite 5, B-1060, Brussels, Belgium; Telex 846-24672

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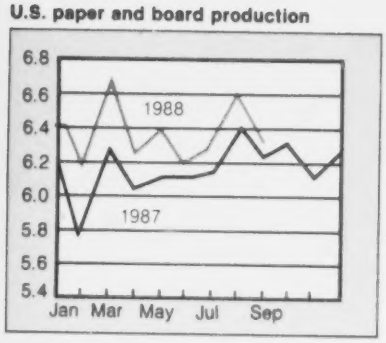
U.S. paper and board production



Paper and paperboard production totaled 6.3 million tons in September, just 0.6% higher than the same month last year, according to American Paper Institute figures. While production continues at record levels, growth has slowed since the first quarter, and the trend remains flat. Production for the first nine months totaled 57.7 million tons, up 3.7% from last year. After seasonal adjustments, the pace of production for 1988 climbed 3.3% to 76.5 million tpy, with paper up 4.3% and paperboard 2.4%.

Among major grades, printing and writing papers were 6.0% higher through the third quarter, led by continued strength in coated papers. Strong demand for printing papers helped push paper imports above one million tons in August. Fiber box shipments set a record for September and were up 3.4% for the first nine months. Containerboard production for domestic use posted a 3.0% increase, but linerboard exports were down 6.7% through August. Recycled grades were strongest in the paperboard sector.

Canadian newsprint shipments totaled 830,000 metric tons in September, down 2.6% from 12 months earlier. Woodpulp shipments dropped 0.7% to 669,000 tons. Operating rates for September were 96% for newsprint and 88% for pulp. ■

	Latest month (000 short tons)		% change from year ago	Annualized year-to-date (000 short tons)	% change from year ago
PAPER & PAPERBOARD PRODUCTION[1]					
Newsprint	Sept.	492	-0.4	5,959	2.7
Uncoated groundwood (s)	Sept.	136	7.9	1,593	4.8
Coated paper (s)	Sept.	595	0.7	7,390	9.1
Uncoated free sheet (s)	Sept.	929	0.1	11,335	4.4
Other printing/writing	Sept.	122	2.5	1,511	9.8
Total packaging and other paper (s)	Sept.	439	4.5	5,201	3.0
Tissue	Sept.	455	1.8	5,471	3.8
Total paper	**Sept.**	**3,167**	**1.3**	**38,460**	**4.7**
Unbleached kraft paperboard	Sept.	1,590	-1.4	19,398	2.8
Semichemical medium	Sept.	472	0.6	5,713	1.7
Bleached paperboard	Sept.	355	3.8	4,482	1.3
Recycled paperboard	Sept.	711	0.9	8,825	4.6
Total paperboard	**Sept.**	**3,127**	**-0.1**	**38,417**	**2.8**
Total U.S. paper and paperboard output	**Sept.**	**6,294**	**0.6**	**76,877**	**3.7**
PULP, WASTEPAPER & FIBER[2]					
Total U.S. woodpulp production	Aug.	5,269	3.7	61,296	3.2
Market pulp production	Aug.	755	6.6	8,452	4.8
Wastepaper consumption at paper/board mills	Aug.	1,615	1.1	18,899	4.7
Pulpwood consumption (cords)	Aug.	7,951	2.9	95,315	1.6
CONVERTED PRODUCTS STATISTICS[3]					
Corrugated box shipments (billion ft²)	Sept.	26.059	0.6	231.255[6]	3.4
Containerboard inventories at U.S. box plants and mills	Sept. 1	2,728	11.9		
INTERNATIONAL TRADE[2]					
U.S. paper imports (including products)	Aug.	1,083	8.0	12,838	4.2
Imports of Canadian newsprint	Aug.	703	4.0	8,546[6]	-0.8
U.S. paper exports (including products)	Aug.	465	-4.3	5,700	8.9
Exports of unbleached kraft linerboard	Aug.	180	-17.8	2,142	-6.7
Exports of woodpulp	Aug.	497	27.4	5,396	11.6
Norscan pulp inventories[4]	Sept. 30	767	-10.4		
Norscan pulp operating rates[4]	Sept.	94%	100%	102%	98%
CANADIAN STATISTICS[5] *(reported in metric tons)*					
Total newsprint shipments	Sept.	830	-2.6	7,346[6]	1.2
Operating rates	Sept.	96%	96%	99%	97%
Inventories held by U.S. consumers	Sept. 30	1,645	9.0		
Other paper/board shipments	Sept.	536	1.1	5,008	5.5
Woodpulp shipments (export only)	Sept.	669	-0.7	6,058	1.2
Operating rates	Sept.	88%	85%	96%	96%

1. American Paper Institute. 2. API, Bureau of Census, American Pulpwood Assn. 3. Fibre Box Assn., Paperboard Packaging Council. 4. North American/Scandinavian paper-grade market pulp. 5. Canadian Pulp & Paper Assn. 6. Not annualized. (s) = Shipments.

Newsprint: Industry panic caused by future capacity increases puts pressure on prices

Grade structure: Newsprint is commonly sold in the U.S. is 28-lb to 32-lb, although a slow trend has developed toward the lighter basis weights. Standard newsprint is still considered to be 30-lb. Brightness is in the 55 to 61 range. Of total newsprint consumed in the U.S. in 1987, 75.5% was used by daily newspapers. The remainder was sold to customers that included weeklies, commercial printers, shopping news, and government publications, according to the American Newspaper Publishers Assn.

Production/capacity: Newsprint output remained healthy through much of 1988 but began to ease in the second half as markets both in the U.S. and overseas weakened. U.S. mill shipments through the first nine months of 1988 were up only 1.7% from the previous year, according to the Canadian Pulp & Paper Assn. Canadian shipments through the first three quarters were up 1.2%. At the same time, U.S. consumption was almost flat, up just 0.4%.

Canadian mills supplied 58.6% of U.S. newsprint requirements in the first nine months of 1987, about equal with the 58.5% supply ratio a year earlier, according to CPPA. During the first three quarters, U.S. overseas shipments rose nearly 20% to 262,800 metric tons, while Canadian exports were up less than 1%.

U.S. imports from areas other than Canada dropped 10.6% in 1988 compared with a year earlier and represented 2.3% of total imports through the first three quarters. At the same time, U.S. domestic sources of supply remained flat at about 40%.

Outlook: Industry forecasts indicate newsprint consumption should be up approximately 2% in 1989, but the rapid change in market factors during the last months of 1988 makes it appear likely that these forecasts will be revised to 1% or less. Publishers found ways to cut consumption in 1988 due to high newsprint costs as well as a decline in publishing profits.

North American newsprint capacity will rise by more than 2 million metric tons over the next three years, with two new machines coming online in British Columbia and one in the U.S. South in 1989. This will add more than 600,000 tons to capacity, although the machines will not be running at full speed until 1990. In 1990, five new machines will be starting up, adding approximately another 1 million tons to the marketplace by 1991. In 1991, two more machines will come onstream in Canada, although the shutdown of older units will reduce the net capacity hike to less than 300,000 tons.

The anticipation of excess newsprint capacity by late 1989 or early 1990 caused the industry to panic in 1988. In attempting to lock in customers to long-term supply contracts, mills were offering increasingly larger discounts in the third and fourth quarters. This was expected to erode industry profits in 1989, even if a slated price increase were to be pushed through in the first half.

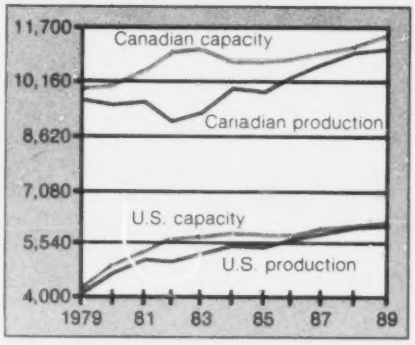
Pricing: After three price increases in 1987 and 1988, newsprint customers began to fight back in late 1988. Newsprint producers' hopes of getting another price hike through before mid-1989 appeared to be dimming toward late 1988. Originally, most of the industry was behind an attempt to raise the U.S. list by $45/metric ton on Jan. 1, but producers later began to roll back and reduce their hikes to $30 for Feb. 1.

Toward the end of the year, discounts for long-term contracts had increased by 3% to 5% in the East, reducing transaction levels to $600 or less. West Coast prices remained firm at about $600, although even that market was slipping by year-end.

Analysts were projecting that transaction prices for newsprint would be flat to down by late 1989 and continue to erode before the next rebound in 1993-95. Even if the list price increase is raised by $30 (to $680/metric ton in the U.S. East) next spring, actual prices will probably be lower than in 1988 due to discounting.

List price history is as follows (U.S. East, contract, year-end, per metric ton): 1974, $259; 1975, $284; 1976, $314; 1977, $331; 1978, $353; 1979, $413; 1980, $441/$470; 1981, $500; 1982, $468; 1983, $500; 1984, $535; 1985, $535; 1986, $500; 1987, $570; 1988, $600.

SUPPLY/DEMAND (000 tons)



FORECAST (000 tons)

U.S.	1986	1987	1988e
Production[1]	5,842	5,960	6,035
Capacity[1]	5,941	6,013	6,200
Utilization rate	98.3	99.1	97.3
Apparent U.S. consumption	14,547	14,550	14,554
lb/capita	119.7	118.6	117.8
GNP ratio	3.78	3.65	3.57
Canada			
Production[2]	10,663	10,961	11,098
Capacity[2]	10,935	11,199	11,607
Utilization rate	97.5	97.9	95.6

e = *Pulp & Paper* estimate.
1. American Paper Institute
2. Canadian Pulp & Paper Assn.

TOP U.S. PRODUCERS (000 tpy)

Company	Annual capacity U.S.	Canada	Market share Total	(%)
1. Abitibi-Price	385	1,835	2,220	12.9
2. Canadian Pacific[1]	—	1,641	1,641	9.5
3. Bowater[2]	1,017	240	1,257	7.3
4. Fletcher[3]	—	1,036	1,036	6.0
5. ConBath	—	1,036	1,036	6.0
6. Kruger	—	873	873	5.1
7. Champion	865	—	865	5.0
8. K-C[4]	435	382	817	4.7
9. Boise[5]	550	263	813	4.7
10. MacBlo	—	804	804	4.7

Market share of top five companies:
41.8%
Market share of top ten companies:
66.0%
Total North American capacity (1988):
17.212 million tons

1. Company formed by merger of CIP Inc. (100% owned) and Great Lakes Forest Products Ltd. (54.3% owned) in 1988. 2. Includes Catawba Newsprint Co. (51.0% owned) and Bowater Mersey Paper Co. Ltd. (51.0% owned). 3. Combined operations of Crown Forest Industries (100% owned) and British Columbia Forest Products Ltd. (69% owned) in 1988. 4. Includes Soruce Falls Power & Paper Co. Ltd. (50.5% owned). 5. Includes Boise Southern Co., DeRidder, La.

SALES & EARNINGS

U.S. paper industry profits surge 48.2%

The U.S. pulp and paper industry enjoyed third-quarter earnings 48.2% above year-earlier levels on a 10.4% improvement in sales, a survey of 30 companies by *Pulp & Paper* revealed. This follows a 40.8% jump in profits in the second quarter. As the industry rolls into the fourth quarter with operating rates high and prices firm, many company executives are predicting another year of record-breaking profits.

International Paper Co. racked up a 97% increase in earnings over third quarter a year ago—the fifth consecutive quarter the company has posted an increase. Chairman and CEO John A. Georges attributed IP's continued strong performance to the packaging materials and white papers businesses. "I see no reason why this trend should not continue through year-end," predicted Georges. The end of the 16-month strike at three IP mills is not expected to have a significant impact on earnings next quarter.

Weyerhaeuser Co. posted a 14.8% improvement in earnings to $144 million, but the figure is markedly lower than the $151-million mark reached by the company in the second quarter. George H. Weyerhaeuser, chairman, said the company's pulp and paper operations ran at record levels during the quarter, but Weyco's forest products segment suffered from the extreme fire hazard in the Pacific Northwest that curtailed logging this summer. Housing starts in September were 13.5% lower than the year-earlier level, cutting further into the profits of the forest products segments. Weyerhaeuser said that the company is entering the fourth quarter with strong order files and mills running at or near capacity and with western log inventories being rebuilt.

Georgia-Pacific Corp. experienced a 3.4% decline in earnings to $114 million for the third quarter, which it attributed to weak prices for building products and higher interest costs from a stock-buyback program. "Operating profits in our building products business were down—$120 million in the 1988 third quarter vs an all-time high of $156 million in 1987," said chairman and CEO T. Marshall Hahn Jr.

James River Corp. completed its first quarter in July with record earnings of $56.2 million—a 19% increase over the same quarter last year. Profits were up primarily due to the communication papers, specialty paper, and paperboard packaging businesses. Towel and tissue earnings were relatively flat.

Profits roll in white papers. Champion International Corp. said that its third-quarter results for printing and writing papers "surged as prices for both uncoated and coated free-sheet grades rose and mills ran efficiently." Champion posted an increase of 38% in earnings to $122 million, which it attributed to worldwide growth in demand for its paper products. Champion expects fourth-quarter results to benefit from an Oct. 1 price hike for its free-sheet grades.

Boise Cascade Corp.'s shining star in the third quarter was its paper and

U.S. paper industry results.

Companies	Third quarter ($000)			
	Sales	Change 1988/87	Earnings[1]	Change 1988/87
Boise Cascade Corp.	$1,000,000	0.3%	$71,900	42.7%
Bowater Inc.	248,304	14.9	40,025	73.9
Champion International	1,285,698	7.2	122,386	38.0
Chesapeake Corp.	188,358	5.0	14,286	293.2
Consolidated Paper Corp.	221,767	17.8	34,487	56.5
Federal Paper Board Co.	254,557	7.1	34,708	64.3
Fort Howard Paper Co.	492,515	4.9	45,801	0.0
Georgia-Pacific Corp.	2,400,000	−0.8	114,000	−3.4
P.H. Glatfelter Co.	145,670	20.7	19,701	46.4
Great Northern Nekoosa Co.	937,700	41.1	92,300	65.7
International Paper Co.	2,400,000	20.0	201,000	97.1
James River Corp. (7/24)	1,387,565	17.7	56,222[2]	18.8
Jefferson Smurfit Corp.	308,413	9.1	37,122	42.5
Kimberly-Clark Corp.	1,400,000	12.0	90,500	8.0
Longview Fibre Corp. (7/31)	170,146	17.8	27,828	64.3
Louisiana-Pacific Corp.	462,900	0.4	36,700[2]	−11.4
Mead Corp.	1,174,100	5.7	170,500[2]	75.1
Mosinee Paper Corp.	58,751	5.6	3,093	48.1
Pentair Inc.	203,920	2.7	10,114	121.8
Pope & Talbot Inc.	123,304	8.6	8,479	19.8
Potlatch Corp.	273,706	10.9	28,292	25.2
Scott Paper Co.	1,150,500	11.3	170,700[2]	191.8
Sonoco Products Co.	408,942	18.7	23,393	49.2
Stone Container Corp.	1,022,000	12.7	89,100	100.2
Temple-Inland	454,800	8.5	53,000	38.7
Union Camp Corp.	669,812	11.5	75,052	32.7
Wausau Paper Mills Co. (8/31)	284,240	13.1	16,005	32.9
Westvaco Corp. (7/31)	532,207	10.5	51,809	20.0
Weyerhaeuser Co.	1,959,941	7.7	144,812	14.8
Willamette Industries Inc.	440,999	17.0	38,962	21.9
Total	**$20,760,815**	**10.4%**	**$1,891,775**	**48.2%**

1. Income after taxes from continuing operations, excluding most significant nonrecurring items after taxes in both years when possible.
2. **James River:** 1987 earnings includes a net gain of $5.5 million related to an insurance settlement. **Louisiana-Pacific:** 1987 earnings have been restated to reflect discontinued operations. **Mead:** 1988 third-quarter earnings include a nonrecurring gain of $100.9 million from the sale of Mead's share of Brunswick Pulp & Paper. Third-quarter 1987 earnings include a nonrecurring gain of $42.8 million from the sale of six container plants and Mead's share of a linerboard mill. **Scott Paper:** 1988 earnings include a pretax gain of $117.3 million for sale of Scott's share of Brunswick Pulp & Paper and a $23.8-million charge for early retirement programs and asset writedowns.

paper products segment, which posted a 42.7% jump in earnings for a fifth consecutive quarter of record operating income. Boise's net income of $71.9 million was comparable to the record level of the previous quarter.

Mead Corp. registered a 27% increase in earnings to $69.6 million for the third quarter, before a nonrecurring gain from the sale of Brunswick Pulp & Paper Co. "Demand is strong, operations have been excellent, and the outlook promises more of the same," said Burnell R. Roberts, chairman and CEO.

Consolidated Papers Inc. enjoyed a jump in earnings of 57% from third-quarter 1987. Both increased shipments and price improvements continued to bolster its earnings.

Containerboard profits soar. Stone Container Corp.'s profits surged 100% from third-quarter 1987 following a 150% jump in the second quarter—a record for the company. Stone executives said the increase was fueled by favorable pricing of its linerboard and kraft paper products, increased productivity, and cost reductions. The company said it has reduced the cost of producing paper and board by 8% in facilities acquired in recent years and has called for a $40/ton price increase to take effect Jan. 1, 1989.

Jefferson Smurfit Corp. followed suit with another quarter of record-high earnings. A strong performance from Smurfit's 50%-owned affiliate, Container Corp. of America, helped boost profits 43% over year-earlier levels. CCA's profits, which also shattered previous records, helped to offset the strike at the company's two Oregon newsprint mills, which began July 6 and 7.

Great Northern Nekoosa Corp. enjoyed a 66% increase in earnings for the quarter, and chairman William R. Laidig predicted 1988 will be another outstanding year. He attributes the healthy improvement to a 20% increase in shipments of pulp, paper, and containerboard from levels of a year ago.

Federal Paper Board Inc. reported a 64% increase in earnings on record third-quarter sales of $255 million. Price increases in pulp and improved productivity in the bleached board, recycled board, and folding carton segments helped to offset the costs incurred due to the startup of equipment at the Augusta, Ga., mill and problems with the Riegelwood, N.C., mill's pulp dryer. ■

Canadian earnings increase despite bloated dollar

Canadian forest products companies enjoyed a 20.4% increase in profits on a 5.5% increase in sales during the third quarter. For most of the quarter, producers continued to grapple with the strong Canadian dollar. But exchange rates may be less of a problem in the fourth quarter because the Canadian dollar weakened when the public became dissatisfied with the Free Trade Agreement.

In the third quarter, the average value of the Canadian dollar in relation to the U.S. dollar was $0.06 higher than a year ago. However, producers profited from tight supply and rising prices for pulp, although newsprint markets began to soften in the third quarter. The slowdown in North American housing starts continued to curtail demand for lumber.

Noranda Forest Inc. reported that although earnings improved 13.8% from third-quarter 1987, the strong Canadian dollar continued to reduce profits. Additionally, the wood products operations were off thanks to weak market conditions and low operating levels. But strong pulp and paper markets have continued into the fourth quarter, and the outlook for the rest of the year is "very encouraging."

MacMillan Bloedel Ltd.'s earnings dropped 14.8% in the third quarter due to a number of factors, including the scheduled shutdown of the company's Harmac pulp mill. A prolonged fire season led MB to curtail production and complete maintenance programs at several of its sawmills. MB's capital construction projects are on schedule, and it is looking forward to improvements in earnings once these are completed.

Abitibi-Price Inc. reported an improvement in earnings of 34.8% for the quarter. Bernd K. Koken, chairman and CEO, said the increased profits in the often seasonally slow period for paper demand were achieved because of higher operating rates and price improvements. "We expect our paper mills to continue to operate at capacity for the balance of the year," Koken said, "and we anticipate that 1988 will be a record earnings year."

Canadian Pacific Forest Products Ltd. posted a strong 61.9% jump in earnings on sales of $766 million. The company expects to begin construction in the fourth quarter on its $105-million thermomechanical pulp mill at Thunder Bay, Ont.

Domtar Inc. reported that earnings dropped about 22.9%, primarily due to interest that was expensed rather than capitalized following the start of commercial production of the Windsor, Que., rehabilitation project. The construction materials group experienced a significant decline because

Canadian paper industry results.

	Third-quarter earnings (C$000)			
Companies	Sales	Change 1988/87	Earnings[1]	Change 1988/87
Abitibi-Price Inc.	$813,400	8.5%	$44,500	34.8%
Canadian Pacific	766,000	10.5	92,600	61.9
Canfor Corp.	268,900	−15.7	31,900	2.6
Cascades Inc.	138,816	8.4	15,986	180.2
Consolidated-Bathurst	595,500	6.8	61,600[2]	35.1
Domtar Inc.	684,000	5.1	27,000	−22.9
Donohue Inc.	158,500	36.4	17,000	91.0
Fletcher Challenge	351,100	−1.4	40,100[2]	16.6
MacMillan Bloedel Ltd.	824,400	0.9	70,500	−14.8
Noranda Forest Inc.	1,143,000	2.7	66,000	13.8
Repap Enterprises Inc.	260,100	17.9	23,300	30.3
Rolland Inc.	110,200	16.2	2,007	1,455.8
Scott Paper Ltd.	81,195	9.7	4,573	11.5
Weldwood of Canada	232,600	15.3	17,800	21.9
Total	**$6,627,711**	**5.5%**	**$614,886**	**20.4%**

1. Income after taxes from continuing operations, excluding significant nonrecurring items in both years when possible.
2. Consolidated-Bathurst's year-ago earnings of $45.5 million do not include an extraordinary gain of $28.8 million. Fletcher Challenge Canada's results do not include Crown Forest Industries results.

of lower gypsum board prices and shipments. The company said this was offset by improved performances in the pulp and paper products and packaging groups.

Consolidated-Bathurst Inc. reported record earnings that were 35.1% higher than third-quarter 1987. With the exception of Europa Carton, all of the company's operating units posted gains for the quarter. The pulp and paper group contributed significantly to the overall earnings boost, posting a healthy 28% jump from a year ago.

Fletcher Challenge Canada Ltd. president and CEO Ian Donald said the company's earnings increase of 16.6% was driven primarily by excellent market conditions for pulp and coated paper, which helped to offset softer newsprint demand and generally depressed prices for wood products during the third quarter. Higher earnings from associate companies also contributed $18.1 million to pretax income. "If present conditions continue, and barring any dramatic shift in world economies, the company is on target for another record year," Donald said.

Repap Enterprises Corp. Inc. reported that earnings rose 36.3% from third-quarter 1987. Chairman George Petty said inventories of premium-grade softwood kraft pulp are at their lowest level in 14 years and customer demand is continuing to strengthen.

Rolland Inc. racked up a 1,455.8% leap in earnings, shattering its third-quarter results a year ago. A company spokesman attributed the jump to higher selling prices for its fine papers, a better grade mix, and improved mill efficiency. ■

EXPANSIONS

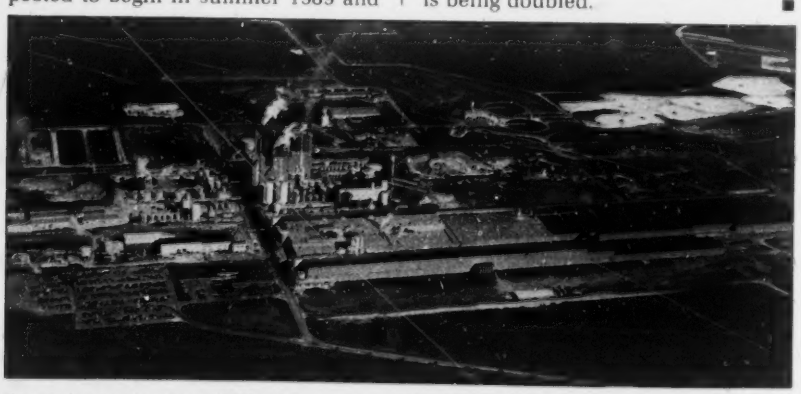
Champion plans $800-million modernization

Champion International Corp. told financial analysts it plans to spend about $800 million annually over the next four years for various cost-reduction, environmental, and capacity expansion projects. In 1989, the bulk of the funds will go toward the projects under way at the Hinton, Alta., and Quinnesec, Mich., pulp mills, said spokesman Robert Turner. In addition, the company plans to begin rebuilding the four paper machines and the pulp operation at Courtland, Ala.

Work at Courtland is actually a series of projects that would increase pulp capacity by 250,000 tpy, increase printing/writing paper capacity by 140,000 tpy, and add a cogeneration facility, Turner said. Work is expected to begin in summer 1989 and cost about $408 million over the four years it would take to complete all of the projects. Champion currently has capacity to produce about 550,000 tpy of coated and uncoated paper at Courtland and 465,000 tons of bleached softwood and hardwood kraft pulp (of which about 95,000 tpy is market pulp).

Champion is still waiting for final permits for work at its Canton mill, which produces uncoated free-sheet and bleached paperboard. Plans call for cost-reduction and environmental compliance projects.

The projects are expected to be financed internally, except for about $150 million from outside sources for work at Hinton, where pulp capacity is being doubled. ■



Champion is planning a $400-million project at its Courtland, Ala., mill.

International Paper to up capacity 5% at Georgetown

International Paper Co. is planning to spend more than $50 million to increase combined pulp and paper capacity by 5% at its Georgetown, S.C., mill. Work is scheduled for completion in fourth-quarter 1989.

The project will increase capacity for bleached kraft pulp, which is currently estimated at 1,600 tpd. About 915 tpd is market pulp, including fluff pulp. In addition, capacity for the Springhill line of uncoated white papers will be increased. Capacity is now estimated at 370 tpd.

Improvements will also be made to the woodyard, power plant, and environmental systems related to the power plant. In 1984, IP completed a $500-million conversion of the mill from linerboard to uncoated white papers and market pulp. ■

Alcan secures chip supply, seeks partners for mill

Alcan Aluminum Ltd. moved one step closer to building a pulp and paper mill in Vanderhoof, B.C., by signing an agreement with Sinclar Enterprises Ltd. of Prince George, B.C., and its group of sawmills. Sinclar Group operates four sawmills in the Vanderhoof/Prince George area (The Pas, L&M Sawmills, Lakeland, and Apollo) that generate about 250,000 bdu/year of high-quality spruce, pine, and fir chips. It also has long-term cutting rights on public timber in the Interior. In return for agreeing to provide woodfiber to the proposed mill, Sinclar will get an equity stake in the project. As in the Fibreco project, the Alcan mill will give British Columbian sawmills an entree into a value-added product area.

Alcan said the grade of pulp and/or paper produced at the mill will depend on which company becomes an equity partner in the project.

The mill will have a long-term supply of electricity from Alcan's hydroelectric plant in Kenamo. This plant produces excess power that it sells intermittently to B.C. Hydro. Given this setup, Alcan's prefeasibility studies show the site is best suited for newsprint or other mechanical pulp and energy-intensive papermaking. Chemi-thermomechanical pulp or pressurized groundwood pulp are also possibilities. The mill may also use aspen in its furnish. ■

Fibreco Export starts up second CTMP line

Fibreco Export Inc.'s deadline for submitting final plans for what would be its second greenfield mill in British Columbia was recently extended by the provincial government to Jan. 31 from Oct. 31, according to Tony Jarrett, president.

In November, Jarrett said that the second pulping line was in the middle of its startup at the new Taylor, B.C., bleached chemi-thermomechanical pulp (CTMP) mill and that "commercial quality" shipments were being made with output from the first line.

Fibreco was one of three bidders awarded timber cutting rights in British Columbia for a tentative proposal to build another CTMP mill—possibly integrated with some type of paper—near the existing Taylor mill. The British Columbian government already approved plans of Makin Pulp & Paper Ltd. and Louisiana-Pacific Corp.

Commercial shipments from the second line are expected to start by December, and, by the beginning of 1989, total mill output is slated to be for "long-term contract" shipments. Until that time, customers will be on "short-term basis" shipments to determine if the quality meets their requirements, he noted. ■

ACQUISITIONS/MERGERS

L-P decides against acquiring Doman

Doman Industries Ltd. said in November that it was advised by Louisiana-Pacific Corp. that L-P will not proceed with its proposed acquisition of Doman. No reason was given for the decision. L-P said in October that it would buy shares of Doman it didn't own for about US$200 million in cash. L-P owns 10.6% of Doman's stock. The decision not to proceed with the buyout quells speculation that L-P was angling to acquire Western Forest Products, in which Doman holds about a 20% stake.

• FH Acquisition has completed the leveraged buyout of Fort Howard Corp. by paying shareholders $53 in cash per share. Shareholders approved the transaction and merger last month. Separately, Fort Howard made a debt offering of $1.713 billion through Morgan Stanley & Co. ■

FINE PAPERS

Consolidated to install specialty paper machine

Consolidated Papers Inc. plans to install a new paper machine at its Stevens Point, Wis., specialty mill to produce lightweight coated specialty papers for consumer packaging and labels. The 180-in.-wide yankee fourdrinier machine will have capacity of about 160 tpd, or 59,000 tpy, and will be capable of running at speeds up to 3,000 fpm. It will be supported by a new gas-fired boiler, expanded and automated coating makedown facilities, a new automated roll-wrapping system, and expanded wastewater treatment facilities.

The $110-million project was approved by Consolidated's board of directors and represents the major part of the company's capital budget for 1989. Pending approval of air and wastewater permits from the Environmental Protection Agency and the state of Wisconsin, groundbreaking is planned for early 1989 with project completion scheduled for late 1990. The new machine will be constructed on the west side of the existing mill and will at least double output of specialty papers, which should reach 56,000 tons this year.

Meanwhile, Consolidated Papers officially started up its rebuilt No. 14 coated free-sheet paper machine at Wisconsin Rapids, Wis., on Oct. 25. The $63.2-million project increased machine capacity by 10,000 tpy. ■

Business forms industry facing challenges

U.S. forms makers can expect their industry to conti[illegible] growing, but they face several competitive challenges along the way, according to an industry association report.

Forms industry sales growth is expected to be about 4.7% this year over 1987, about the same as the previous year's growth, which was the best performance since 1984.

The annual report, "Perspective '88," a study on the present and future of the North American forms industry, was compiled by Douglas C. Taylor, director of economic and market research for International Business Forms Industries Inc. (IBFI).

Taylor said that custom and stock continuous forms will remain the industry's fastest-growing segments but the growth in cut-sheet papers exceeds that of the forms industry as a whole. Cut-size (usually 8½-in. × 11-in.) demand is being fueled by reprographic and page printers use.

In 1987, custom continuous sales grew by 6.1% and stock continuous sales by 3.8%. Custom forms account for about 40% of total industry sales. Unit sets advanced 2.8%, while the relatively small sales books and pegboard segments were up 6.8%.

Also growing substantially is carbonless paper, which is advancing at about 8% to 10% annually—double the forms industry rate. Competition is expanding in the carbonless market, especially with Mead Corp.'s acquisition of Standard Register's carbonless plant in 1987 and James River Corp.'s entry this year, Taylor said.

But forms makers also face competitive challenges, including technological rivalry, demographic changes among forms users, and lowered entry barriers in some market segments.

For further information on "Perspective '88," contact IBFI at 2111 Wilson Blvd., Suite 350, Arlington, Va. 22201, or call (703) 841-9191. ■

U.S. business forms sales, 1987-92 (millions of 1987 dollars).

	1987	1988e	1989e	1990e	1992e
Custom continuous	$3,098	$3,268	$3,383	$3,433	$3,606
Stock continuous	1,628	1,707	1,792	1,847	2,023
Unit sets	1,563	1,605	1,629	1,637	1,692
Sales books, pegboard	331	348	359	383	437
Total	6,620	6,928	7,143	7,300	7,758

Source: International Business Forms Industries.